

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT**

**REPORT ON FINANCIAL STATEMENTS**  
**(with required supplementary and additional information)**

**YEAR ENDED JUNE 30, 2004**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Allegan County Intermediate School District  
Allegan, Michigan

August 20, 2004

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allegan County Intermediate School District, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Allegan County Intermediate School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Allegan County Intermediate School District as of June 30, 2004 and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Education  
Allegan County Intermediate School District

August 20, 2004

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2004, on our consideration of Allegan County Intermediate School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages vii through xv and 20 through 23, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Allegan County Intermediate School District's basic financial statements. The additional information on pages 25 to 56 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mamer, Costeniser & Ellis, P.C." The signature is written in a cursive, flowing style.

Certified Public Accountants

**Allegan County Intermediate School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004**

As management of the Allegan County Intermediate School District, we offer readers of the district's financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended June 30, 2004.

The management's discussion and analysis is provided at the beginning of the audit to provide in layman's terms the past and current position of the school district's financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the school district's revenue and expenditures by program.

### **Financial Highlights**

Our financial statements provide these insights into the results of this year's operations.

- The assets of the district exceeded its liabilities at the close of the most recent fiscal year by \$9,723,947 (*net assets*). Of this amount, \$4,792,896 (*unrestricted net assets*) may be used to meet the district's ongoing obligations for general district programs.
- The district's total net assets decreased by \$502,225.
- As of the close of the current fiscal year, the district's governmental funds reported combined ending fund balances of \$4,815,374, a decrease of \$342,526 in comparison with the prior year.
- At the end of the current fiscal year, the aggregated fund balances for the district's operating funds (General Fund, Special Education Fund, and Technical Education Fund) was \$4,728,855 or 25.7% of the total expenditures of these operating funds.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction of the district's basic financial statements. The district's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the district's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the district's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The *statement of activities* presents information showing how the district's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

Both of the government-wide financial statements display functions of the district that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the district include instruction, support services, community service and transfers to locals and other services. The district has no business-type activities as of and for the year ended June 30, 2004.

The government-wide financial statements can be found on pages \*\* of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district fall within the governmental fund type category.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the district's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the district's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The district maintains numerous governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special education fund, career technical education fund, and cooperative programming fund, each of which are considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The district adopts annual appropriated budgets for its general, special revenue and debt service funds budgets. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 3 and 4 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 6 through 18 of this report.



**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information for the district's major funds. Required supplementary information can be found on pages 20 through 23 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the supplementary information. Combining fund statements can be found on pages 25 and 26 of this report.

Our auditor has provided assurance in their independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information and the Additional Information identified above. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts in the financial section.

### **Government-wide Financial Analysis**

The school district's net assets were \$9,723,947 at June 30, 2004. Of this amount, \$4,792,896 was unrestricted, a decrease of \$333,920 from last fiscal year. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use those net assets for day-to-day operations.

The following table shows the District's net assets in 2003 and 2004.

#### **District's Net Assets**

Allegan County Intermediate School District		
	<b>2004</b>	<b>2003</b>
Current assets	\$ 7,382,598	\$ 7,671,243
Noncurrent assets	5,599,902	5,823,624
<b>Total Assets</b>	12,982,500	13,494,867
Current liabilities	2,651,304	2,591,446
Noncurrent liabilities	607,249	677,249
<b>Total Liabilities</b>	3,258,553	3,268,695
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	4,922,653	5,081,375
Restricted	8,398	17,981
Unrestricted	4,792,896	5,126,816
<b>Total Net Assets</b>	<b>\$ 9,723,947</b>	<b>\$ 10,226,172</b>

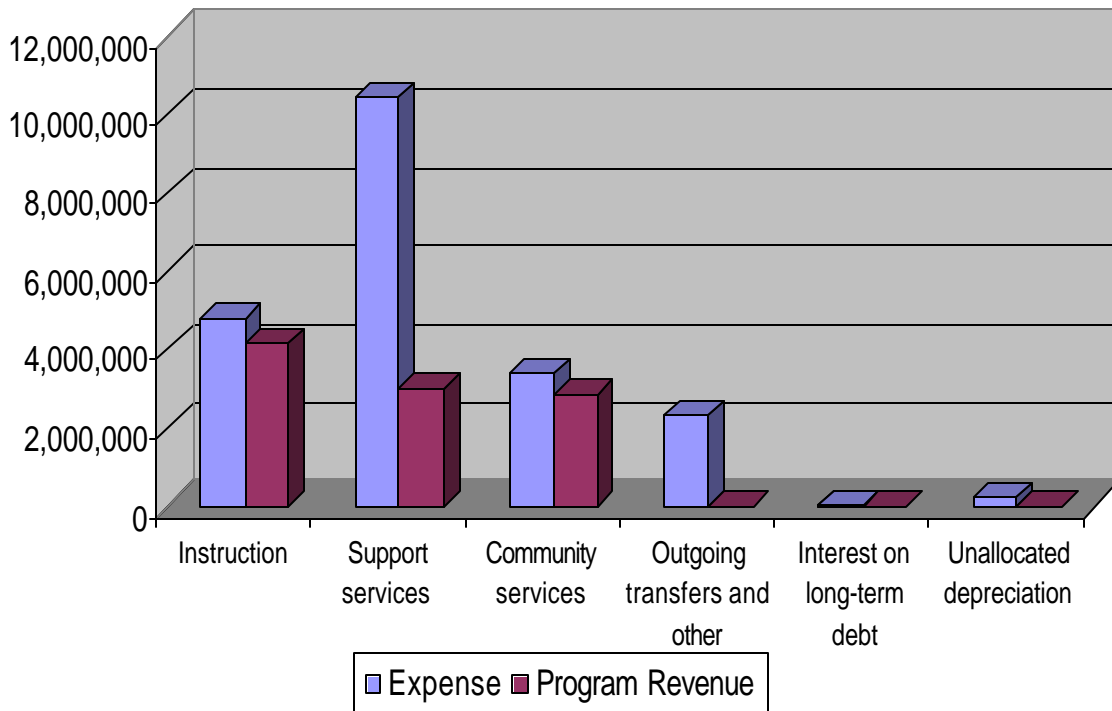
At the end of the current fiscal year, the District reported negative balances in all three categories of net assets, both for the District as a whole, as well as for its separate governmental-type activities.

**Allegan County Intermediate School District  
District's Changes in Net Assets**

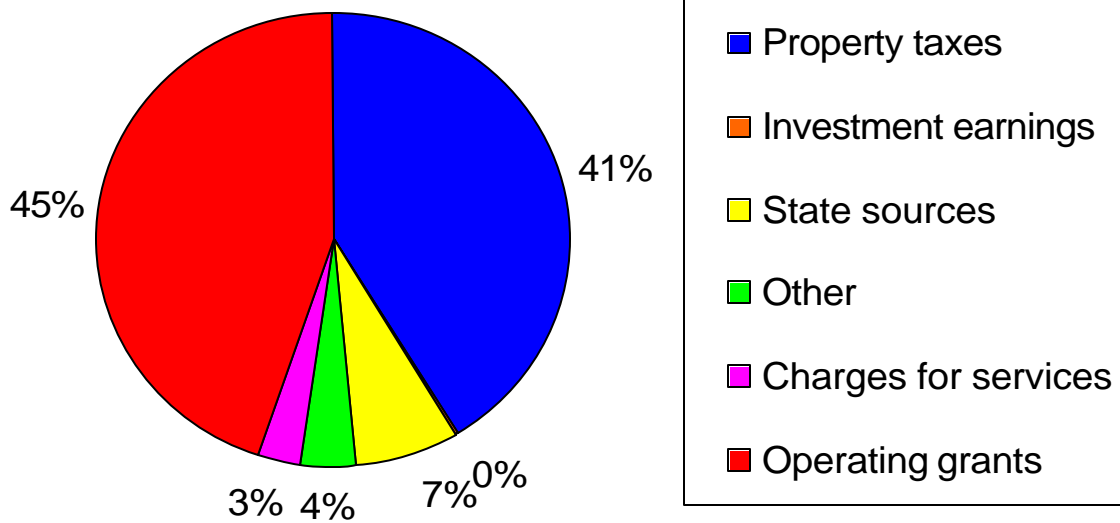
	<b>Governmental Activities</b>	
	<b>2004</b>	<b>2003</b>
<b>Revenue:</b>		
Program revenue:		
Charges for services	\$ 587,488	\$ 683,853
Operating grants	9,218,082	9,904,657
General revenue:		
Property taxes, levied for general purposes	8,616,685	8,216,689
Investment earnings	29,051	63,691
State sources	1,451,640	1,692,294
Other	818,713	1,096,770
<b>Total Revenue</b>	<b><u>20,721,659</u></b>	<b><u>21,657,954</u></b>
<b>Expenses:</b>		
Instruction	4,819,000	4,658,770
Supporting services	10,429,824	11,213,207
Community services	3,398,474	2,984,334
Outgoing transfers and other	2,320,667	2,089,986
Interest on long-term debt	32,197	34,541
Unallocated depreciation	223,722	25,409
<b>Total Expenses</b>	<b><u>21,223,884</u></b>	<b><u>21,006,247</u></b>
<b>Increase (decrease) in Net Assets</b>	<b>(502,225)</b>	<b>126,707</b>
Net assets, beginning of year	<u>10,226,172</u>	<u>10,099,465</u>
<b>Net Assets, end of year</b>	<b><u>\$ 9,723,947</u></b>	<b><u>\$ 10,226,172</u></b>

**Governmental Activities.** Net assets decreased by \$502,225. Key elements of this decrease were because program expenditures increased greater than revenue from property taxes and state aid.

**Expenses and Program Revenues – Governmental Activities**  
**Year ended June 30, 2004**



**Revenues by Source – District Activities**



## **Major Governmental Funds Budgeting and Operating Highlights**

The school district's budgets are prepared according to Michigan law. The most significant budgeted funds are the General Fund, Special Education Fund, Technical Education Fund, and Cooperative Programming Fund.

During the fiscal year ended June 30, 2004, the school district amended the budgets of these major governmental funds two times.

**General Fund-** the general fund actual revenue was \$3.21 million. That amount is above the original budget estimate of \$2.85 million and below the final budget amendment of \$3.49 million. The variance between the actual revenue and final budget was the result of state and federal funds that were received in 2003-04 that was not fully expended at fiscal year end. The grant revenue will be deferred to the next fiscal year.

The actual expenditures of the general fund were \$3.38 million, which is above the original budget of \$3.10 million and below the final amendment of \$3.66 million. The variance was due to the anticipation of fully expending grant revenue. Expenditures will be incurred in the next fiscal year.

General fund had total revenues of \$3.21 million and total expenditures of \$3.38 million with an ending fund balance of \$1.85 million.

**Special Education Fund-** the special education fund actual revenue was \$10.72 million. That amount is above the original budget of \$10.38 million and below the final amendment of \$11.01 million. The variance was the result of lower than anticipated state aid revenue and the decision not to invoice the local school districts for the cost of the hearing impaired program. This decision was made after the final budget amendment was completed.

The actual expenditures of the special education fund were \$10.9 million, which is above the original budget of \$10.38 million and below the final amendment of \$11.00 million. The variance was the result of lower than anticipated general administration, and operation and maintenance expenditures.

Special education fund had total revenue of \$10.72 million and total expenditures of \$10.93 million with an ending fund balance of \$1.74 million.

**Technical Education Fund-** the technical education fund actual revenue was \$4.15 million. That amount is above the original budget of \$4.07 million and within \$43 of the final amendment of \$4.15 million.

The actual expenditures were \$4.11 million, which is below the original budget of \$4.32 million and above the final amendment of \$4.04 million. The variance was due to higher than anticipated motor cycle program expenditures. A portion of this increase was off-set by higher than anticipated motor cycle grant revenue.

Technical education fund had total revenue of \$4.15 million and total expenditures of \$4.11 million with an ending fund balance of \$1.13 million.

**Cooperative Programming Fund -** the cooperative programming fund actual revenue was \$2.44 million. That amount is below the final amendment of \$2.60 million and above the original budget estimate of \$1.36 million. The variance was the result of grant money that was not fully expended at fiscal year end. The grant revenue will be deferred to the next fiscal year.

The actual expenditures of the cooperative programming fund were \$2.44 million, which is below the final budget amendment of \$2.60 million and above the original budget of \$1.36 million. The variance was due to the anticipation of fully expending the grant revenue. Expenditures will be incurred in the next fiscal year.

The cooperative programming budget does not carry a fund balance.

As noted earlier, the district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the district's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a district's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the district. At the end of the current fiscal year, unreserved fund balance and total fund balance of the general fund was \$1,849,261. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance and total fund balance represent approximately 54.6% of total general fund expenditures and operating transfers out.

The fund balance of the district's general fund decreased by \$173,360 during the current fiscal year. The largest revenue source in this fund is state revenue which includes state aid. Expenditures consist primarily of costs associated with supporting the district's and local district operations.

The special education special revenue fund has a total fund balance of \$1,744,070, which decreased by \$209,676 from the prior year. These resources are restricted for special education programs administered by the district and transfers to local districts for special education programs. The largest portion of this funds revenues come from property taxes while the largest expenditure is pupil support services to the local districts.

The technical education fund has a total fund balance of \$1,135,524, which increased by \$40,470 from the prior year. These resources are restricted for technical education purposes.

The cooperative programming fund does not have a fund balance. The largest portion of this fund's revenue comes from federal sources.

### **Capital Asset and Debt Administration**

**Capital Assets** – At the end of fiscal year 2004, the district had \$9.66 million invested in land, buildings, and office and instructional equipment. Of this amount, \$4.06 million in depreciation has been taken over the years. The district has net capital assets of \$5.6 million. There were no additions or deletions for the year.

**District's Capital Assets**  
(Net of depreciation)  
June 30, 2004

	<u>2004</u>	<u>2003</u>
Land	\$ 391,509	\$ 391,509
Buildings and improvements	7,859,261	7,859,201
Office and instructional equipment	<u>1,411,158</u>	<u>1,411,158</u>
Subtotal	<u>9,661,928</u>	<u>9,661,868</u>
Accumulated depreciation	<u>4,062,026</u>	<u>3,838,304</u>
<b>Total</b>	<b><u>\$ 5,599,902</u></b>	<b><u>\$ 5,823,564</u></b>

Additional information on the District's capital assets can be found on page 15 of this report.

**Long-term Debt-** at the end of the current fiscal year, the district had a total bonded debt outstanding of \$677,249. Of this balance, \$207,249 is not a general obligation of the district and does not constitute an indebtedness of the district within any constitutional or statutory limitation, and is payable solely from state aid payments from the State of Michigan. The remaining balance of \$470,000 represents general obligation bonds of the district.

The district's total debt decreased by \$65,000 during the current fiscal year, with no new debt issuances.

Additional information on the district's long-term debt can be found in Note 5 of this report.

**Economic Factors and Next Year's Budget**

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could affect its financial health in the future.

The continual sluggish economy in the State of Michigan has placed state aid funding for 2004-2005 in jeopardy of being prorated. State sources of revenue total \$3.98 million of the budget. Any proration of these funds could further jeopardize the financial stability of the District and force a further reduction in services.

Three of the major funds are projected to lose a combined \$1.25 million in 2004-05. This is in addition to the \$342,526 loss in 2003-04. If this pattern should continue, the District will be forced to reduce expenditures by cutting services, search for new revenue sources, and for the first time in many years, borrow money for short-term cash flow purposes.

The Michigan Public School Employees Retirement System contribution increased to 14.87% this year, from 12.99% last year. It is possible that it could increase another 1.5-3.0% next year. This enormous increase will further erode at the financial stability of the District.

### **Requests for information**

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional information, contact Mike Hagerty, Director of Finance and Operations, Allegan County ISD, 310 Thomas St., Allegan, MI 49010.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

	<b>ASSETS</b>	<b><u>Governmental activities</u></b>
<b>CURRENT ASSETS:</b>		
Cash and investments		\$ 5,262,711
Receivables:		
Accounts receivable		223,722
Taxes receivable		78,750
Other governmental units		1,647,205
Inventory		<u>170,210</u>
<b>TOTAL CURRENT ASSETS</b>		<u>7,382,598</u>
<b>NONCURRENT ASSETS:</b>		
Capital assets		9,661,928
Less accumulated depreciation		<u>(4,062,026)</u>
<b>TOTAL NONCURRENT ASSETS</b>		<u>5,599,902</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 12,982,500</u></u>

See notes to financial statements.



## **LIABILITIES AND NET ASSETS**

### **CURRENT LIABILITIES:**

Accounts payable	\$ 142,430
Accrued salaries and related items	1,450,180
Accrued interest	24,042
Due to other governmental units	105,248
Deferred revenue	859,404
Current portion of long-term obligations	<u>70,000</u>

<b>TOTAL CURRENT LIABILITIES</b>	<b>2,651,304</b>
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### **NONCURRENT LIABILITIES:**

Noncurrent portion of long-term obligations	<u>607,249</u>
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<b>TOTAL LIABILITIES</b>	<b><u>3,258,553</u></b>
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### **NET ASSETS:**

Invested in capital assets net of related debt	4,922,653
Restricted for debt service	8,398
Unrestricted	<u>4,792,896</u>

<b>TOTAL NET ASSETS</b>	<b><u>9,723,947</u></b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 12,982,500</u></u></b>
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**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2004**

Functions/programs	Expenses	Program revenues		Governmental activities
		Charges for services	Operating grants	Net (expense) revenue and changes in net assets
Governmental activities:				
Instruction	\$ 4,819,000	\$ 79,032	\$4,078,864	\$ (661,104)
Support services	10,429,824	82,573	2,695,163	(7,652,088)
Community services	3,398,474	425,883	2,444,055	(528,536)
Outgoing transfers and other	2,320,667			(2,320,667)
Interest on long-term debt	32,197			(32,197)
Unallocated depreciation	223,722			(223,722)
Total governmental activities	<u>\$ 21,223,884</u>	<u>\$ 587,488</u>	<u>\$9,218,082</u>	(11,418,314)
General revenues:				
Property taxes, levied for general purposes				8,616,685
Investment earnings				29,051
State sources				1,451,640
Other				<u>818,713</u>
Total general revenues				<u>10,916,089</u>
Change in net assets				(502,225)
Net assets, beginning of year				<u>10,226,172</u>
Net assets, end of year				<u>\$ 9,723,947</u>

ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

	Special Revenue				Other Nonmajor Governmental funds	Total Governmental funds
	General fund	Special Education fund	Technical Education fund	Cooperative Programming fund		
ASSETS						
ASSETS:						
Cash and investments	\$ 2,064,012	\$ 1,993,727	\$ 1,117,386	\$	\$ 87,586	\$ 5,262,711
Receivables:						
Accounts receivable	52,609	85,319	15,618	69,984	192	223,722
Taxes receivable	1,934	42,216	24,638			68,788
Due from other funds	337,066	81,456			20,267	438,789
Other governmental units	494,778	497,726	127,400	513,302	13,999	1,647,205
Inventory			170,210			170,210
	<u>\$ 2,950,399</u>	<u>\$ 2,700,444</u>	<u>\$ 1,455,252</u>	<u>\$ 583,286</u>	<u>\$ 122,044</u>	<u>\$ 7,811,425</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 18,787	\$ 47,907	\$ 10,416	\$ 65,320		\$ 142,430
Accrued salaries and related items	248,463	840,076	290,387	66,138	5,116	1,450,180
Due to other funds			18,865	418,857	1,067	438,789
Due to other governmental units	23,283	68,391	60	13,514		105,248
Deferred revenue	810,605			19,457	29,342	859,404
TOTAL LIABILITIES	<u>1,101,138</u>	<u>956,374</u>	<u>319,728</u>	<u>583,286</u>	<u>35,525</u>	<u>2,996,051</u>

	Special Revenue				Other Nonmajor Governmental funds	Total Governmental funds
	General fund	Special Education fund	Technical Education fund	Cooperative Programming fund		
FUND BALANCES:						
Reserved for debt service	\$	\$	\$	\$	\$ 32,440	\$ 32,440
Unreserved:						
Designated for subsequent years expenditures	414,895	677,357	383,955			1,476,207
Undesignated	1,434,366	1,066,713	751,569		54,079	3,306,727
TOTAL FUND BALANCES	<u>1,849,261</u>	<u>1,744,070</u>	<u>1,135,524</u>		<u>86,519</u>	<u>4,815,374</u>
	<u>\$ 2,950,399</u>	<u>\$ 2,700,444</u>	<u>\$ 1,455,252</u>	<u>\$ 583,286</u>	<u>\$ 122,044</u>	<u>\$ 7,811,425</u>

Total Governmental Fund Balances:						\$ 4,815,374
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and are not reported in the funds						
The cost of the capital assets is					\$ 9,661,928	
Accumulated depreciation is					<u>(4,062,026)</u>	5,599,902
Long-term liabilities are not due and payable in the current period and are not reported in the funds						
Bonds payable						(677,249)
Accrued interest is not included as a liability in government funds, it is recorded when paid						(24,042)
Balance of taxes receivable at 6/30/04 less allowance for doubtful accounts, revenue expected to be collected after September 1, 2004						<u>9,962</u>
Net assets of governmental activities						<u>\$ 9,723,947</u>

ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2004

	Special Revenue				Other nonmajor governmental funds	Total governmental funds
	General fund	Special Education fund	Technical Education fund	Cooperative Programming fund		
REVENUES AND OTHER FINANCING SOURCES:						
Local sources:						
Property taxes	\$ 242,018	\$ 5,282,898	\$ 3,083,163	\$	\$	\$ 8,608,079
Interest	8,529	13,522	6,685		315	29,051
Other	909,050	269,248	204,276	4,129	11,776	1,398,479
Total local sources	1,159,597	5,565,668	3,294,124	4,129	12,091	10,035,609
State sources	1,538,265	1,769,629	607,257	46,771	159,665	4,121,587
Federal sources	514,272	3,385,957	250,622	2,397,284		6,548,135
Incoming transfers and other transactions		7,722				7,722
Operating transfers					104,716	104,716
Total revenues and other financing sources	3,212,134	10,728,976	4,152,003	2,448,184	276,472	20,817,769
EXPENDITURES AND OTHER FINANCING USES:						
Instruction:						
Added needs		2,928,337	1,890,663			4,819,000
Support services:						
Pupil		2,938,507	525,729			3,464,236
Instruction	1,958,026	23,615	83,908			2,065,549
General administration	335,368	1,674,788	214,353			2,224,509
School administration		296,880	573,453			870,333

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004**

<b>Net change in fund balances total governmental funds</b>	<b>\$ (342,526)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	(223,722)
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Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable beginning of the year	14,459
Accrued interest payable end of the year	(24,042)

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)

	65,000
--	--------

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred revenue beginning of the year	(1,356)
Deferred revenue end of the year	9,962

<b>Change in net assets of governmental activities</b>	<b><u><u>\$ (502,225)</u></u></b>
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**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Allegan County Intermediate School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The Allegan County Intermediate School District (the "District") is governed by the Allegan County Intermediate School District Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement Nos. 14 and 39.

**B Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B Government-wide and fund financial statements**

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues and other revenues) The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, interest income and other revenues.)

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Governmental Funds** – Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary administrative fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *special education special revenue fund* which accounts for special education programs.

The *technical education special revenue fund* which accounts for technical education programs.

The *cooperative programming special revenue fund* which accounts for cooperative programs.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government–Wide and Fund Financial Statements (Continued)**

**Other Non-major Funds**

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its math and science program in a special revenue fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* accounts for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

**Accrual Method**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Modified Accrual Method**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.



**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**State Revenue**

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2004, the foundation allowance was based on pupil membership counts taken in February and September of 2003.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2003 to August 2004. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

**D. Other Accounting Policies**

1. Cash and equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Other Accounting Policies**

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**2. Property Taxes**

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2004, the District levied the following amounts per \$1,000 of assessed valuation:

<u>Fund</u>	<u>Mills</u>
General Fund	0.1178
Special revenue funds:	
Special education fund	2.5545
Technical education fund	1.5176

**3. Inventories and Prepaid Expenditures**

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Other Accounting Policies (Continued)**

4. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	50 years
Furniture and other equipment	5 – 20 years

The District’s capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Other Accounting Policies (Continued)**

7. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue and debt service funds.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, are noted in the required supplementary information section.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Concluded)**

5. Formal budgetary integration is employed as a management control device during the year for the general, special revenue and debt service funds.
6. The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2004. The District does not consider these amendments to be significant.

**NOTE 3 - DEPOSITS AND INVESTMENTS - CREDIT RISK**

The District utilizes pooled cash accounts for some of its funds.

Deposits

At year-end, the carrying amount of the District's deposits were \$299,684. The bank balance was \$816,542 of which \$100,000 was covered by federal depository insurance and \$716,542 was uninsured and uncollateralized. The District places its deposits with high quality financial institutions. Although such deposits exceed federally insured limits, they are, in the opinion of the District, subject to minimal risk.

Investments

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At June 30, 2004, the District had no category 1, 2 or 3 investments. Pooled investments are not categorized, and these pooled investments are uninsured.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 3 - DEPOSITS AND INVESTMENTS - CREDIT RISK (Concluded)**

The District voluntarily invests certain excess funds in external pooled investment funds, which includes money market funds. The pooled investment funds utilized by the District are the Michigan Investment Liquid Asset Fund (MILAF), National City, and Fifth Third Municipal Pooled Funds. These are external pooled investment funds of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. These funds report as of June 30, 2004. The fair value of the District’s investment is the same as the value of the pool shares.

	<u>Carrying value</u>	<u>Fair value</u>
Investment in MILAF	\$ 393,182	\$ 393,182
Fifth Third Municipal Pool	657,753	657,753
National City Municipal Pool	<u>3,912,092</u>	<u>3,912,092</u>
Total investment in pooled investment funds	<u>\$ 4,963,027</u>	<u>\$ 4,963,027</u>
Balance sheet presentation:		
Deposits	\$ 299,684	
Investments	<u>4,963,027</u>	
Cash and investments	<u>\$ 5,262,711</u>	

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 4 – CAPITAL ASSETS**

A summary of changes in the District's capital assets follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Assets not being depreciated - land	\$ 391,509	\$	\$	\$ 391,509
Other capital assets:				
Buildings and improvements	7,859,261	-	-	7,859,261
Office and instructional equipment	1,411,158	-	-	1,411,158
Subtotal	9,270,419	-	-	9,270,419
Accumulated depreciation:				
Buildings and improvements	3,013,707	164,963		3,178,670
Office and instructional equipment	824,597	58,759		883,356
Net other capital assets	5,432,115	223,722	-	5,208,393
Net capital assets	\$ 5,823,624	\$ 223,722	\$ -	\$ 5,599,902

Depreciation for the fiscal year ended June 30, 2004 amounted to \$223,722. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**NOTE 5 - LONG-TERM DEBT**

The District issues bonds to provide funds for the acquisition, construction and improvement of major facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligations currently outstanding are as follows:

2001 general obligation - limited tax bonds (face amount \$650,000) due in annual installments ranging from \$70,000 to \$80,000 through November 1, 2011, with interest at 3.9% to 4.6%	\$ 470,000
1998 limited obligation bonds (Durant bonds) (face amount \$324,401) due in annual installments ranging from \$14,304 to \$29,294 through May 15, 2013 with interest at 4.76%. Certain state aid payments are security used to pay these bonds.	207,249
Total general long-term debt	\$ 677,249

Interest expense for all funds for the year ended June 30, 2004 was approximately \$44,000.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 5 - LONG-TERM DEBT (Concluded)**

The annual requirements to amortize long-term obligations as of June 30, 2004, including interest of \$138,434 are as follows:

Year ending June 30,	Principal	Interest	Total
2005	\$ 70,000	\$ 20,014	\$ 90,014
2006	144,290	50,390	194,680
2007	91,446	20,639	112,085
2008	97,233	16,744	113,977
2009	73,054	12,563	85,617
2010 and 2013	201,226	18,084	219,310
	<u>\$ 677,249</u>	<u>\$ 138,434</u>	<u>\$ 815,683</u>

At June 30, 2004, net assets of \$32,440 are available in the debt service fund to service the general obligation debt.

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2004.

Long-term debt, June 30, 2003	\$ 742,249
Deductions:	
Bond principal payments	<u>65,000</u>
Long-term debt, June 30, 2004	677,249
Less current portion	<u>(70,000)</u>
	<u>\$ 607,249</u>



**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Amounts due from and due to other funds at June 30, 2004 are as follows:

	Due from other funds	Due to other funds
General fund	\$ 337,066	\$
Special revenue funds:		
Special education fund	81,456	
Cooperative programming fund		418,857
Technical education fund		18,865
Math/science fund	20,267	
Capital projects fund		1,067
	<u>\$ 438,789</u>	<u>\$ 438,789</u>

**NOTE 7 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN**

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPSERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine member board of the MPSERS. The MPSERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPSERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30026, Lansing, Michigan 48909 or by calling (517) 322-6000.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT**

**NOTE 7 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Concluded)**

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2004, were 12.99%. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the year ended June 30, 2004, 2003 and 2002 were \$1,205,999, \$1,225,959, and \$1,122,202, respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

Other Post-employment Benefits

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2004 or any of the prior three years.

The District is self insured for dental and vision coverage. The current year expense for June 30, 2004 was \$103,302. A liability for incurred and unreported benefits is not considered material.

**NOTE 9 – TRANSFERS**

The general fund transferred \$87,614 to the debt service fund and \$17,102 to the special revenue math & science fund.

## **SUPPLEMENTARY INFORMATION**

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with final budget- positive (negative)</b>
<b>REVENUES:</b>				
Local sources	\$ 1,146,716	\$ 1,187,062	\$ 1,159,597	\$ (27,465)
State sources	1,332,618	1,730,837	1,538,265	(192,572)
Federal sources	376,759	573,111	514,272	(58,839)
Total revenues	<u>2,856,093</u>	<u>3,491,010</u>	<u>3,212,134</u>	<u>(278,876)</u>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Support services:				
Instruction	1,599,291	2,225,814	1,958,026	267,788
General administration	421,324	343,065	335,368	7,697
Business	70,909	63,217	62,161	1,056
Operation and maintenance	75,950	77,275	75,643	1,632
Community services	750,000	722,723	722,632	91
Outgoing transfers and other	185,099	127,715	126,948	767
Operating transfers		104,716	104,716	
Total expenditures and other financing uses	<u>3,102,573</u>	<u>3,664,525</u>	<u>3,385,494</u>	<u>279,031</u>
<b>NET CHANGE IN FUND BALANCE</b>	(246,480)	(173,515)	(173,360)	155
<b>FUND BALANCE:</b>				
Beginning of year	<u>2,022,621</u>	<u>2,022,621</u>	<u>2,022,621</u>	
End of year	<u>\$ 1,776,141</u>	<u>\$ 1,849,106</u>	<u>\$ 1,849,261</u>	<u>\$ 155</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL EDUCATION FUND  
YEAR ENDED JUNE 30, 2004**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with final budget- positive (negative)</b>
<b>REVENUES AND OTHER</b>				
<b>OTHER FINANCING SOURCES:</b>				
Local sources	\$ 5,626,385	\$ 5,643,644	\$ 5,565,668	\$ (77,976)
State sources	2,059,212	2,071,416	1,769,629	(301,787)
Federal sources	2,701,571	3,292,281	3,385,957	93,676
Incoming transfers and other transactions		7,500	7,722	222
	<u>10,387,168</u>	<u>11,014,841</u>	<u>10,728,976</u>	<u>(285,865)</u>
<b>EXPENDITURES AND OTHER</b>				
<b>FINANCING USES:</b>				
Instruction:				
Added needs	2,849,598	2,925,972	2,928,337	(2,365)
Support services:				
Pupil	2,904,863	2,944,366	2,938,507	5,859
Instruction	24,930	19,934	23,615	(3,681)
General administration	1,724,575	1,703,296	1,674,788	28,508
School administration	373,719	308,930	296,880	12,050
Business	290,136	276,396	276,593	(197)
Operation and maintenance	455,827	413,455	393,139	20,316
Transportation	240,129	115,324	115,323	1
Technology services	131,694	130,237	130,289	(52)
Outgoing transfers and other	1,393,976	2,166,418	2,161,181	5,237
	<u>10,389,447</u>	<u>11,004,328</u>	<u>10,938,652</u>	<u>65,676</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,279)	10,513	(209,676)	(220,189)
<b>FUND BALANCE:</b>				
Beginning of year	<u>1,953,746</u>	<u>1,953,746</u>	<u>1,953,746</u>	
End of year	<u>\$ 1,951,467</u>	<u>\$ 1,964,259</u>	<u>\$ 1,744,070</u>	<u>\$ (220,189)</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
TECHNICAL EDUCATION FUND  
YEAR ENDED JUNE 30, 2004**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with final budget- positive (negative)</b>
<b>REVENUES:</b>				
Local sources	\$ 3,321,143	\$ 3,332,423	\$ 3,294,124	\$ (38,299)
State sources	609,284	599,685	607,257	7,572
Federal sources	145,120	219,938	250,622	30,684
Total revenues	4,075,547	4,152,046	4,152,003	(43)
<b>EXPENDITURES:</b>				
Instruction:				
Added needs	2,059,336	1,892,536	1,890,663	1,873
Support services:				
Pupil	539,129	520,905	525,729	(4,824)
Instruction	90,278	81,680	83,908	(2,228)
General administration	224,264	210,212	214,353	(4,141)
School administration	627,559	566,370	573,453	(7,083)
Business	221,128	210,456	209,715	741
Operation and maintenance	460,467	388,495	386,054	2,441
Community services	100,088	171,005	227,658	(56,653)
Total expenditures	4,322,249	4,041,659	4,111,533	(69,874)
<b>NET CHANGE IN FUND BALANCE</b>	(246,702)	110,387	40,470	(69,917)
<b>FUND BALANCE:</b>				
Beginning of year	1,095,054	1,095,054	1,095,054	
End of year	\$ 848,352	\$ 1,205,441	\$ 1,135,524	\$ (69,917)

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
COOPERATIVE PROGRAMMING FUND  
YEAR ENDED JUNE 30, 2004**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with final budget- positive (negative)</b>
<b>REVENUES:</b>				
Local sources	\$ 7,500	\$ 2,900	\$ 4,129	\$ 1,229
State sources	7,340	42,508	46,771	4,263
Federal sources	1,354,318	2,562,135	2,397,284	(164,851)
Total revenues and other financing sources	1,361,658	2,607,543	2,448,184	(159,359)
<b>EXPENDITURES:</b>				
Community services	1,369,158	2,607,543	2,448,184	159,359
<b>NET CHANGE IN FUND BALANCE</b>				
<b>FUND BALANCE:</b>				
Beginning of year				
End of year	\$	\$	\$	\$

## **ADDITIONAL INFORMATION**



**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2004**

<b>ASSETS</b>	<b>Special revenue Math &amp; Science</b>	<b>Debt service</b>	<b>Capital projects</b>	<b>Total nonmajor governmental funds</b>
<b>ASSETS:</b>				
Cash and investments	\$	\$ 32,440	\$ 55,146	\$ 87,586
Receivables:				
Accounts receivable	192			192
Due from other funds	20,267			20,267
Other governmental units	13,999			13,999
<b>TOTAL ASSETS</b>	<u>\$ 34,458</u>	<u>\$ 32,440</u>	<u>\$ 55,146</u>	<u>\$ 122,044</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accrued salaries and related items	\$ 5,116	\$	\$	\$ 5,116
Due to other funds			1,067	1,067
Deferred revenue	29,342			29,342
<b>TOTAL LIABILITIES</b>	<u>34,458</u>		<u>1,067</u>	<u>35,525</u>
<b>FUND BALANCES:</b>				
Reserved for debt service		32,440		32,440
Unreserved, undesignated			54,079	54,079
<b>TOTAL FUND BALANCES</b>		<u>32,440</u>	<u>54,079</u>	<u>86,519</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 34,458</u>	<u>\$ 32,440</u>	<u>\$ 55,146</u>	<u>\$ 122,044</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2004**

	Special revenue Math & Science	Debt service	Capital projects	Total nonmajor governmental funds
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Local sources:				
Interest	\$	\$	\$ 315	\$ 315
Other	11,776			11,776
Total local sources	11,776		315	12,091
State sources	159,665			159,665
Operating transfers	17,102	87,614		104,716
Total revenues and other financing sources	188,543	87,614	315	276,472
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Support services:				
Math/science program	156,005			156,005
Capital outlay			275	275
Debt service:				
Principal repayment		65,000		65,000
Interest expense		22,614		22,614
Outgoing transfers and other	32,538			32,538
Total expenditures and other financing uses	188,543	87,614	275	276,432
<b>NET CHANGE IN FUND BALANCE</b>			40	40
<b>FUND BALANCES:</b>				
Beginning of year		32,440	54,039	86,479
End of year	\$	\$ 32,440	\$ 54,079	\$ 86,519

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
GENERAL FUND  
DETAIL OF REVENUES  
COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>LOCAL SOURCES:</b>		
Property taxes	\$ 242,799	\$ 242,018
Other taxes	500	269
Interest on investments	6,870	8,529
Program fees	3,000	2,903
Miscellaneous	168,090	150,894
Memberships - ACCN	423,000	425,883
Local district funds	98,208	98,208
Universal service fund	82,949	82,972
Wide area network support	84,600	78,647
Technology unit	77,046	69,274
	<u>1,187,062</u>	<u>1,159,597</u>
Total local sources		
<b>STATE SOURCES:</b>		
State aid - general education	356,195	382,020
State aid - gifted and talented - 57.3	4,180	4,241
State aid - gifted and talented - 57.1	1,476	1,476
State aid - at risk	399,630	414,517
State aid - parent involvement and education	237,217	54,996
State aid - Outlook Academy	131,665	130,874
Non plaintiff Durant settlement	32,440	32,440
State aid - great parents - 32j	33,741	33,741
FICA	249,337	206,410
Retirement	284,956	277,550
	<u>1,730,837</u>	<u>1,538,265</u>
Total state sources		
<b>FEDERAL SOURCES:</b>		
Title V	1,466	1,466
Title II - Part B		769
Even Start	225,000	225,000
Homeland Security	81,400	56,057
Temporary Assistance for Needy Families	265,245	230,980
	<u>573,111</u>	<u>514,272</u>
Total federal sources		
<b>TOTAL REVENUES</b>	<u><u>\$ 3,491,010</u></u>	<u><u>\$ 3,212,134</u></u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
GENERAL FUND  
DETAIL OF EXPENDITURES AND OTHER FINANCING USES  
COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES:</b>		
Instruction:		
Compliance programs	\$ 52,953	\$ 53,419
At-risk 4-year old programs:		
Allegan	415,280	421,769
Total at-risk 4 year old programs	415,280	421,769
Gifted and talented programs:		
Purchased services and supplies - 57.3	1,415	5,010
Homeland Security programs	81,400	56,057
Early education programs/services:		
Even Start	249,102	246,762
Great parents	33,741	33,741
Parents as teachers	171,981	157,854
Parent Involvement and Education Grant	939,326	732,497
Summer school program	959	959
Temporary assistance for needy families	265,853	232,445
Total early education programs/services	1,660,962	1,404,258
Professional staff development:		
Purchased services	13,804	17,513
Total instruction	2,225,814	1,958,026
General administration:		
Board of education:		
Per diem	3,000	3,810
Legal fees	2,000	1,552
Professional fees	3,340	3,673
Travel	8,500	7,935

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
GENERAL FUND  
DETAIL OF EXPENDITURES AND OTHER FINANCING USES  
COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES (Continued):</b>		
General administration (Continued):		
Board of education:		
Workshops and conference	\$ 9,000	\$ 8,672
Printing and advertising	16,567	15,140
Dues and fees	1,807	1,807
Employee tuition reimbursement	540	540
Miscellaneous	859	562
	<u>45,613</u>	<u>43,691</u>
Distributive share - other funds	<u>(40,139)</u>	<u>(38,447)</u>
Total board of education	<u>5,474</u>	<u>5,244</u>
Executive administration:		
Administrative salaries	147,076	148,977
Pupil auditor salary	9,275	9,275
Secretarial salary	2,500	2,239
Receptionist salary	17,000	16,815
Special assistant to the superintendent	37,419	38,976
Employee benefits	94,752	92,261
Contracted services	86,834	98,020
Travel	2,750	2,469
Telephone	2,200	2,990
Workshops and conferences	5,500	4,861
Postage	31,779	29,544
Printing, binding and duplication	2,063	2,063
Periodicals and publications	1,476	1,692
Supplies	9,424	10,720
Dues and memberships	4,204	4,203
Miscellaneous	7,500	7,101
Equipment	1,384	1,384
	<u>463,136</u>	<u>473,590</u>
Distributive share - other funds	<u>(407,560)</u>	<u>(416,758)</u>
Total executive administration	<u>55,576</u>	<u>56,832</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
GENERAL FUND  
DETAIL OF EXPENDITURES AND OTHER FINANCING USES  
COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES (Continued):</b>		
General administration (Concluded):		
Instructional program administration:		
Director salary	\$ 73,721	\$ 74,627
Consultants' salaries	78,513	77,278
Secretary salary	27,166	25,020
Employee benefits	84,668	83,401
Travel	1,500	1,663
Telephone	400	365
Workshops and conferences	6,709	5,054
Supplies	4,784	1,329
Dues and fees	434	435
Other professional/technical services	<u>4,120</u>	<u>4,120</u>
Total instructional program administration	<u>282,015</u>	<u>273,292</u>
Total general administration	<u>343,065</u>	<u>335,368</u>
Business:		
Finance and administrative services:		
Salaries	268,528	265,157
Employee benefits	119,516	118,740
Data processing	7,200	5,400
Travel	2,000	2,465
Workshops and conferences	2,500	2,062
Other professional/technical services	7,346	7,346
Supplies and materials	10,000	13,157
Equipment	3,688	3,688
Dues and fees	716	716
Miscellaneous expense	<u>37</u>	<u>99</u>
Total finance and administrative services	<u>421,531</u>	<u>418,830</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
GENERAL FUND  
DETAIL OF EXPENDITURES AND OTHER FINANCING USES  
COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES (Concluded):</b>		
Other business services:		
Miscellaneous	\$ 5,689	\$ 5,055
Personnel services	<u>78,785</u>	<u>81,070</u>
Total other business services	<u>84,474</u>	<u>86,125</u>
	506,005	504,955
Distributive share - other funds	<u>(442,788)</u>	<u>(442,794)</u>
Total business	<u>63,217</u>	<u>62,161</u>
Operation and maintenance:		
Supervisor salary	8,911	8,214
Custodial salaries	26,433	26,348
Employee benefits	19,055	18,250
Telephone	8,500	7,655
Travel	3,500	4,474
Heat	8,184	8,445
Electricity	20,000	17,808
Water and sewer	1,748	1,731
Waste disposal	2,418	2,217
Repairs and maintenance	29,084	29,645
Supplies	12,801	13,442
Rentals - copy machine	12,653	11,051
Other professional services		744
Equipment	<u>1,264</u>	<u>1,263</u>
	154,551	151,287
Distributive share - other funds	<u>(77,276)</u>	<u>(75,644)</u>
Total operation and maintenance	<u>77,275</u>	<u>75,643</u>
Total support services	<u>2,709,371</u>	<u>2,431,198</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
GENERAL FUND  
DETAIL OF EXPENDITURES AND OTHER FINANCING USES  
COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>COMMUNITY SERVICES:</b>		
ACCN membership	\$ 395,080	\$ 395,638
Distance learning	6,000	5,330
Fiber optic	2,180	2,179
Wide area network	190,850	194,519
Technology	319,539	319,645
Phone services	<u>38,290</u>	<u>34,630</u>
	951,939	951,941
Distributive share - other funds	<u>(229,216)</u>	<u>(229,309)</u>
Total community services	<u>722,723</u>	<u>722,632</u>
<b>OUTGOING TRANSFERS AND OTHER:</b>		
Outlook Academy	<u>127,715</u>	<u>126,948</u>
TOTAL EXPENDITURES	<u>3,559,809</u>	<u>3,280,778</u>
<b>OTHER FINANCING USES:</b>		
Operating transfers:		
Math/Science fund	17,102	17,102
Debt service fund	<u>87,614</u>	<u>87,614</u>
TOTAL OTHER FINANCING USES	<u>104,716</u>	<u>104,716</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u><u>\$ 3,664,525</u></u>	<u><u>\$ 3,385,494</u></u>



**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
DETAIL OF REVENUES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>LOCAL SOURCES:</b>		
Property taxes	\$ 5,299,938	\$ 5,282,898
Other taxes	5,431	5,463
Psychologist reimbursements	72,978	80,657
Interest on investments	10,762	13,522
Miscellaneous	<u>254,535</u>	<u>183,128</u>
Total local sources	<u>5,643,644</u>	<u>5,565,668</u>
<b>STATE SOURCES:</b>		
State aid - membership	1,052,302	1,052,302
State aid - special education Section 54	11,115	13,271
State aid - special education Section 56	231,371	231,370
State aid - special education Section 51a/51a12	605,034	399,339
State aid - court placed children Section 24.1	27,443	7,644
State aid - special education Section 53a	97,549	19,101
FICA and retirement	<u>46,602</u>	<u>46,602</u>
Total state sources	<u>2,071,416</u>	<u>1,769,629</u>
<b>FEDERAL SOURCES:</b>		
P.L. 94-142	2,414,817	2,414,818
Project access	9,099	4,512
Infant - toddler	196,763	196,763
Preschool incentive	98,702	98,702
Medicaid receipts	514,454	613,665
Michigan Rehab. Services/EPA/Title I	<u>58,446</u>	<u>57,497</u>
Total federal sources	<u>3,292,281</u>	<u>3,385,957</u>
<b>INCOMING TRANSFERS AND OTHER:</b>		
Lunch/milk fees - other	<u>7,500</u>	<u>7,722</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 11,014,841</u></u>	<u><u>\$ 10,728,976</u></u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>INSTRUCTION -ADDED NEEDS:</b>		
Severely multiply impaired:		
Salaries of teachers	\$ 144,114	\$ 144,114
Salaries of aides	157,018	156,909
Employee benefits	133,147	133,147
Teaching supplies	2,503	2,486
Equipment	722	721
Miscellaneous	<u>286</u>	<u>287</u>
Total severely multiply impaired	<u>437,790</u>	<u>437,664</u>
Severely mentally impaired:		
Salaries of teachers	94,827	94,827
Salaries of aides	91,770	91,682
Employee benefits	90,826	89,705
Teaching supplies	808	981
Miscellaneous	<u>562</u>	<u>606</u>
Total severely mentally impaired	<u>278,793</u>	<u>277,801</u>
Trainable mentally impaired:		
Salaries of teachers	200,012	200,586
Salaries of aides	199,498	199,377
Employee benefits	201,222	201,161
Teaching supplies	4,390	4,353
Miscellaneous	<u>43,891</u>	<u>44,253</u>
Total trainable mentally impaired	<u>649,013</u>	<u>649,730</u>
Emotionally impaired:		
Salaries of teachers	340,634	340,992
Salaries of aides	155,357	155,357
Employee benefits	241,259	239,957

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>INSTRUCTION -ADDED NEEDS (Concluded):</b>		
Emotionally impaired (concluded):		
Teaching supplies	\$ 11,990	\$ 12,067
Miscellaneous	6,199	6,193
Equipment	<u>1,393</u>	<u>1,392</u>
Total emotionally impaired	<u>756,832</u>	<u>755,958</u>
Emotionally impaired preschool:		
Salaries of teachers	104,563	120,639
Salaries of aides	155,797	155,797
Salaries of substitutes	15,300	15,057
Employee benefits	129,258	135,262
Teaching supplies	1,925	2,006
Miscellaneous	<u>1,291</u>	<u>1,598</u>
Total emotionally impaired preschool	<u>408,134</u>	<u>430,359</u>
Youth home program:		
Salaries of teachers	193,130	174,290
Salaries of aides	51,235	51,053
Salaries of substitutes	2,600	5,867
Employee benefits	110,783	110,480
Teaching supplies	3,295	19,486
Equipment	27,582	8,505
Miscellaneous	<u>6,785</u>	<u>7,144</u>
Total youth home program	<u>395,410</u>	<u>376,825</u>
Total instruction - added needs	<u>2,925,972</u>	<u>2,928,337</u>
<b>SUPPORT SERVICES:</b>		
Pupil:		
Work study program:		
Teaching salary	51,676	52,013
Salaries of aides	41,037	41,709
Employee benefits	36,278	39,872
Miscellaneous	68,009	54,092
Equipment	1,229	1,228
Teaching supplies	<u>5,898</u>	<u>3,622</u>
Total work study program	<u>204,127</u>	<u>192,536</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES (Continued):</b>		
Early intervention program:		
Salaries	\$ 269,701	\$ 270,595
Employee benefits	127,159	124,232
Teaching supplies	8,792	8,703
Equipment	4,206	4,206
Miscellaneous	20,186	20,729
	<u>430,044</u>	<u>428,465</u>
Total early intervention program		
Adapted P.E. program:		
Salaries	16,030	15,227
Supplies	1,132	1,181
Miscellaneous	242	241
	<u>17,404</u>	<u>16,649</u>
Total adapted P.E. program		
Music therapist:		
Salaries	37,701	37,619
Employee benefits	16,965	17,024
Supplies	1,117	1,116
	<u>55,783</u>	<u>55,759</u>
Total music therapist		
Occupational therapist:		
Salaries	226,605	227,090
Employee benefits	109,848	109,205
Supplies	2,787	2,762
Equipment	1,053	1,052
Miscellaneous	6,541	7,451
	<u>346,834</u>	<u>347,560</u>
Total occupational therapist		
Physical therapist:		
Salaries	101,721	102,476
Employee benefits	45,774	45,580
Miscellaneous	2,600	2,306
Supplies	321	320
	<u>150,416</u>	<u>150,682</u>
Total physical therapist		

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES (Continued):</b>		
Pupil (Continued):		
Autistically impaired program - summer:		
Salaries	\$ 3,016	\$ 3,016
Employee benefits	<u>1,357</u>	
	4,373	<u>3,016</u>
Autistically impaired program:		
Salaries	153,426	153,389
Employee benefits	69,041	68,671
Miscellaneous	4,504	4,043
Supplies	<u>1,702</u>	<u>1,758</u>
	228,673	<u>227,861</u>
Psychologist:		
Salaries	108,120	108,033
Employee benefits	48,654	48,562
Miscellaneous	18,420	18,893
Supplies	652	651
Equipment	<u>1,375</u>	<u>1,375</u>
	177,221	<u>177,514</u>
Speech therapist:		
Salaries	244,415	242,324
Employee benefits	133,069	125,722
Miscellaneous	55,241	82,703
Supplies	2,681	2,708
Equipment	<u>6,000</u>	<u>6,025</u>
	441,406	<u>459,482</u>
Social work:		
Salaries	58,472	58,473
Employee benefits	26,312	26,481
Miscellaneous	<u>500</u>	<u>502</u>
	85,284	<u>85,456</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES (Continued):</b>		
Pupil (Continued):		
Visually impaired:		
Salaries	\$ 158,313	\$ 158,229
Employee benefits	71,241	72,298
Supplies	6,783	6,862
Miscellaneous	7,985	8,187
	<u>244,322</u>	<u>245,576</u>
Total visually impaired		
Hearing impaired:		
Salaries	204,911	201,483
Employee benefits	95,938	92,186
Supplies	3,411	3,446
Miscellaneous	16,969	17,004
	<u>321,229</u>	<u>314,119</u>
Total hearing impaired		
Capacity building:		
Equipment	24,100	19,438
Miscellaneous	17,375	22,038
	<u>41,475</u>	<u>41,476</u>
Total capacity building		
Enabling team:		
Salaries	60,489	60,489
Employee benefits	27,220	26,737
Miscellaneous	1,456	1,256
Supplies	11,636	4,155
Equipment	3,700	7,149
	<u>104,501</u>	<u>99,786</u>
Total enabling team		
Foods program:		
Salaries	36,161	36,935
Employee benefits	20,669	20,499
Equipment		1,500
Supplies	1,340	1,379
	<u>58,170</u>	<u>60,313</u>
Total foods program		

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES (Continued):</b>		
Paper business vocational:		
Salaries	\$ 19,685	\$ 19,500
Employee benefits	8,858	8,145
Supplies	4,561	4,612
	<u>33,104</u>	<u>32,257</u>
Total paper business vocational		
	<u>2,944,366</u>	<u>2,938,507</u>
Instructional services:		
Improvement of instruction	19,934	23,615
	<u>19,934</u>	<u>23,615</u>
Total instructional services:		
General administration:		
Board of education:		
Professional fees	25,952	26,109
Advertising	8,709	9,156
Tuition	2,500	2,621
Miscellaneous	1,164	1,163
	<u>38,325</u>	<u>39,049</u>
Total board of education		
Special education administration:		
Director salary	100,034	100,036
Supervisors' salaries	567,237	503,636
Secretarial salaries	73,266	73,266
Other clerical salaries	21,369	20,785
Employee benefits	381,415	415,798
Travel	17,000	16,721
Purchased services	87,796	85,454
Workshops and conferences	9,000	7,792
Periodicals and publications	260	260
Supplies	5,682	5,686
Dues and fees	3,113	3,113
Duplication costs	11,753	11,820
Miscellaneous	14,955	12,913
Equipment	3,984	4,649
	<u>1,296,864</u>	<u>1,261,929</u>
Total special education administration		

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT**  
**SPECIAL EDUCATION FUND**  
**DETAIL OF EXPENDITURES COMPARED TO BUDGET**  
**YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES (Continued):</b>		
Coordinator of planning:		
Salaries	\$ 76,400	\$ 77,504
Employee benefits	30,880	31,056
Supplies	2,673	2,703
Equipment	2,279	2,279
Miscellaneous	1,500	1,629
	<u>113,732</u>	<u>115,171</u>
Distributive share - other funds	<u>254,375</u>	<u>258,639</u>
Total coordinator of planning	<u>368,107</u>	<u>373,810</u>
Total general administration	<u>1,703,296</u>	<u>1,674,788</u>
School administration:		
Principal salary	78,400	78,420
Nurse salary	28,197	28,111
Secretary salary	76,444	75,037
Other salaries	44,137	36,629
Employee benefits	55,342	55,341
Miscellaneous	3,677	3,563
Supplies/postage	14,788	12,468
Equipment maintenance	445	445
School lunch expense	7,500	6,866
Total school administration	<u>308,930</u>	<u>296,880</u>
Business:		
Business - other services:		
Insurance expense	15,253	15,253
Miscellaneous	4,059	4,071
Interest on borrowing	5,500	5,682
	<u>24,812</u>	<u>25,006</u>
Distributive share - other funds	<u>251,584</u>	<u>251,587</u>
Total business - other services	<u>276,396</u>	<u>276,593</u>
Total business	<u>276,396</u>	<u>276,593</u>



**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SPECIAL EDUCATION FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES (Concluded):</b>		
Operation and maintenance:		
Supervisor salary	\$ 37,131	\$ 38,586
Custodial salaries	70,398	69,546
Employee benefits	44,579	44,498
Telephone	5,000	4,144
Heating fuel	20,430	20,344
Electricity	33,657	29,631
Water and sewer	3,567	3,607
Trash removal	2,350	1,930
Repairs and maintenance	66,647	57,845
Buildings and additions	7,780	1,290
Supplies	42,300	43,758
Equipment	2,190	2,190
Miscellaneous	150	126
	<u>336,179</u>	<u>317,495</u>
Distributive share - other funds	<u>77,276</u>	<u>75,644</u>
	<u>413,455</u>	<u>393,139</u>
 Pupil transportation:		
Purchased services	1,616	1,615
Transfers to local districts	<u>113,708</u>	<u>113,708</u>
	<u>115,324</u>	<u>115,323</u>
 Total pupil transportation	<u>115,324</u>	<u>115,323</u>
 Total support services	<u>5,781,701</u>	<u>5,718,845</u>
 <b>TECHNOLOLGY SERVICES:</b>		
Distributive share - other funds	<u>130,237</u>	<u>130,289</u>
 <b>OUTGOING TRANSFERS AND OTHER:</b>		
Local districts - special education programs	<u>2,166,418</u>	<u>2,161,181</u>
 <b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u><u>\$ 11,004,328</u></u>	<u><u>\$ 10,938,652</u></u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
TECHNICAL EDUCATION FUND  
DETAIL OF REVENUES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>LOCAL SOURCES:</b>		
Property taxes	\$ 3,093,108	\$ 3,083,163
Other taxes	3,300	3,224
Program tuition	41,700	49,969
Interest on investments	5,267	6,685
Resale account income	115,200	79,032
Rental fees	9,600	9,936
Miscellaneous income	<u>64,248</u>	<u>62,115</u>
Total local sources	<u>3,332,423</u>	<u>3,294,124</u>
<b>STATE SOURCES:</b>		
State aid - added cost Section 61	224,736	224,736
State aid - millage equalization Section 62	238,819	255,041
State aid - vocational education administration		350
Adult education grant	<u>136,130</u>	<u>127,130</u>
Total state sources	<u>599,685</u>	<u>607,257</u>
<b>FEDERAL SOURCES:</b>		
Motor cycle safety	80,452	111,136
Regional allocation	<u>139,486</u>	<u>139,486</u>
Total federal sources	<u>219,938</u>	<u>250,622</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 4,152,046</u></u>	<u><u>\$ 4,152,003</u></u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
TECHNICAL EDUCATION FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>INSTRUCTION - ADDED NEEDS:</b>		
Technical education instruction:		
Salaries of teachers	\$ 898,412	\$ 911,054
Salaries of aides	96,877	102,411
Salaries of substitutes	17,225	14,685
Employee benefits	467,670	468,566
Travel and expense	3,650	2,828
Workshops and conferences	712	712
Youth organizations	60,000	60,363
Teaching supplies	84,606	88,799
Resale supplies	81,584	68,925
Purchased services	2,927	3,695
Equipment	18,984	21,509
	<u>1,732,647</u>	<u>1,743,547</u>
Total technical education instruction		
Adult education programs:		
Salaries of teachers	29,821	29,765
Employee benefits	6,038	4,239
Advertising	3,161	3,325
Teaching supplies	9,433	9,375
Local district payouts	111,436	100,412
	<u>159,889</u>	<u>147,116</u>
Total adult education programs		
Total instruction - added needs	<u>1,892,536</u>	<u>1,890,663</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
TECHNICAL EDUCATION FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES:</b>		
Pupil:		
Placement services:		
Salaries of placement specialists	\$ 104,319	\$ 106,146
Employee benefits	49,928	50,248
Purchased services	2,985	3,301
Supplies	102	102
	<u>157,334</u>	<u>159,797</u>
Total placement services		
Regional allocation plan:		
Salaries	81,002	81,002
Purchased services	58,484	58,484
	<u>139,486</u>	<u>139,486</u>
Total regional allocation plan		
Math and reading services:		
Salaries	74,229	75,096
Employee benefits	66,869	66,869
Supplies	2,102	2,102
Purchased services	50	536
	<u>143,250</u>	<u>144,603</u>
Total math and reading services		
Guidance counseling:		
Salaries	55,490	55,489
Employee benefits	24,971	25,947
Travel and expense	374	407
	<u>80,835</u>	<u>81,843</u>
Total guidance counseling		
Total pupil	<u>520,905</u>	<u>525,729</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
TECHNICAL EDUCATION FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES (Continued):</b>		
Instruction:		
Computer support services:		
Salaries	\$ 53,495	\$ 54,234
Employee benefits	24,073	25,545
Supplies	<u>4,112</u>	<u>4,129</u>
Total computer support services	<u>81,680</u>	<u>83,908</u>
Total instruction	<u>81,680</u>	<u>83,908</u>
General administration:		
Board of education:		
Purchased services	9,463	9,876
Advertising	20	409
Professional fees	5,000	4,913
Miscellaneous	<u>2,404</u>	<u>2,589</u>
Total board of education	<u>16,887</u>	<u>17,787</u>
Distributive share - other funds	<u>193,325</u>	<u>196,566</u>
Total general administration	<u>210,212</u>	<u>214,353</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
TECHNICAL EDUCATION FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES (Continued):</b>		
Building administration:		
Technical center administration:		
Administrative salaries	\$ 249,651	\$ 254,914
Secretarial salaries	115,187	114,745
Other salaries	1,500	1,161
Employee benefits	169,895	170,557
Purchased services	2,461	4,060
Travel	3,500	3,110
Workshops and conferences	536	535
Supplies	14,411	15,676
Dues and fees	2,529	2,529
Telephone	1,700	1,166
Postage	2,000	2,000
Miscellaneous	3,000	3,000
Total building administration	<u>566,370</u>	<u>573,453</u>
Business - other services:		
Insurance expense	11,759	11,759
Miscellaneous	7,493	6,750
	<u>19,252</u>	<u>18,509</u>
Distributive share - other funds	<u>191,204</u>	<u>191,206</u>
Total business - other services	<u>210,456</u>	<u>209,715</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
TECHNICAL EDUCATION FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES (Concluded):</b>		
Operation and maintenance:		
Supervisor salaries	\$ 29,705	\$ 27,311
Custodial salaries	89,746	87,281
Employee benefits	46,472	52,684
Telephone	11,750	9,505
Heating fuel	30,000	28,892
Electricity	60,000	60,054
Water and sewer	19,000	15,612
Trash removal	3,548	3,958
Repairs and maintenance	52,000	55,694
Supplies	30,639	31,038
Equipment	15,000	13,520
Miscellaneous	635	505
	<u>388,495</u>	<u>386,054</u>
Total operation and maintenance		
	<u>388,495</u>	<u>386,054</u>
Total support services	<u>1,978,118</u>	<u>1,993,212</u>
<b>COMMUNITY SERVICES:</b>		
Motor cycle safety:		
Salaries	48,580	68,362
Employee benefits		7,238
Repairs and maintenance		4,855
Supplies		16,313
Purchased services	14,123	31,755
Miscellaneous	9,322	115
	<u>72,025</u>	<u>128,638</u>
Total motor cycle safety		
	<u>72,025</u>	<u>128,638</u>
Technology services:		
Distributive share - other funds	<u>98,980</u>	<u>99,020</u>
Total community services	<u>171,005</u>	<u>227,658</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 4,041,659</u></u>	<u><u>\$ 4,111,533</u></u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
COOPERATIVE PROGRAMMING FUND  
DETAIL OF REVENUES  
COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>LOCAL SOURCES:</b>		
Work keys program	\$ 1,000	\$ 2,229
Literacy program	<u>1,900</u>	<u>1,900</u>
Total local sources	<u>2,900</u>	<u>4,129</u>
<b>STATE SOURCES:</b>		
Allegan County juvenile job shadowing	15,508	16,311
Career Prep	<u>27,000</u>	<u>30,460</u>
Total state sources	<u>42,508</u>	<u>46,771</u>
<b>FEDERAL SOURCES:</b>		
Employment service grant	652,443	628,287
Workforce Investment Act	1,001,641	838,475
Technical preparation	43,396	42,821
Work First	813,226	836,471
Incumbent worker	<u>51,429</u>	<u>51,230</u>
Total federal sources	<u>2,562,135</u>	<u>2,397,284</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 2,607,543</u></u>	<u><u>\$ 2,448,184</u></u>



**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
COOPERATIVE PROGRAMMING FUND  
DETAIL OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>COMMUNITY SERVICES:</b>		
Employment services	\$ 652,443	\$ 628,285
Workforce Investment Act	1,001,641	838,475
Career Prep	21,000	30,460
Allegan County juvenile job shadowing	15,508	12,188
Technical preparation	43,396	42,821
Work First	813,226	836,477
Work Keys	1,000	1,100
Literacy program	7,900	7,147
Incumbent worker	<u>51,429</u>	<u>51,231</u>
 TOTAL EXPENDITURES	 <u><u>\$ 2,607,543</u></u>	 <u><u>\$ 2,448,184</u></u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
MATH/SCIENCE CENTER FUND  
DETAIL OF REVENUES AND OTHER FINANCING SOURCES  
COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>LOCAL SOURCES:</b>		
Class fees	\$ 11,831	\$ 11,776
<b>STATE SOURCES:</b>		
Section 99	167,944	159,665
<b>OTHER FINANCING SOURCES:</b>		
Incoming transfers - general fund	<u>17,102</u>	<u>17,102</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u><u>\$ 196,877</u></u>	<u><u>\$ 188,543</u></u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
MATH/SCIENCE CENTER FUND  
DETAIL OF EXPENDITURES  
COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Actual</u>
<b>SUPPORT SERVICES:</b>		
Math/Science program:		
Section 99:		
Salaries	\$ 91,062	\$ 82,297
Benefits	36,006	45,139
Dues	1,800	1,817
Heating fuel	4,000	1,837
Repairs and maintenance	500	
Miscellaneous	<u>17,856</u>	<u>23,282</u>
Total Section 99	151,224	154,372
Professional student activities	<u>6,575</u>	<u>1,633</u>
Total Math Science program	157,799	156,005
<b>OUTGOING TRANSFERS AND OTHER</b>	<u>39,078</u>	<u>32,538</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 196,877</u></u>	<u><u>\$ 188,543</u></u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2004**

**ASSETS**

Cash	<u>\$ 32,440</u>
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**FUND BALANCE**

Fund balance	
Reserved for debt service	<u>\$ 32,440</u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2004**

	Budget	Actual	Variance - favorable (unfavorable)
<b>REVENUES AND OTHER FINANCING SOURCES:</b>			
Operating transfer	\$ 87,614	\$ 87,614	\$
<b>EXPENDITURES:</b>			
Principal retirement	65,000	65,000	
Interest and fiscal charges	22,614	22,614	
Total expenditures	87,614	87,614	
<b>NET CHANGE IN FUND BALANCE</b>			
<b>FUND BALANCE, beginning of year</b>	32,440	32,440	
<b>FUND BALANCE, end of year</b>	\$ 32,440	\$ 32,440	\$

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
BALANCE SHEET  
JUNE 30, 2004**

**ASSETS**

Cash	<u><u>\$ 55,146</u></u>
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**LIABILITIES AND FUND BALANCE**

Liabilities:	
Due to other funds	\$ 1,067
Fund balance:	
Unreserved, undesignated	<u>54,079</u>
	<u><u>\$ 55,146</u></u>

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2004**

**REVENUES:**

Interest on investments	\$ 315
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**EXPENDITURES:**

Capital outlay	<u>275</u>
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<b>NET CHANGE IN FUND BALANCE</b>	40
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<b>FUND BALANCE, beginning of year</b>	<u>54,039</u>
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<b>FUND BALANCE, end of year</b>	<u><u>\$ 54,079</u></u>
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**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
PROPERTY TAXES - CURRENT YEAR  
JUNE 30, 2004**

	<u>Levy</u>
<b>General fund:</b>	
Allegan County	\$ 204,627
Barry County	7,890
Kalamazoo County	28,703
Kent County	48
VanBuren County	<u>750</u>
Total	<u>242,018</u>
<b>Special education fund:</b>	
Allegan County	4,466,690
Barry County	172,222
Kalamazoo County	626,552
Kent County	1,057
VanBuren County	<u>16,377</u>
Total	<u>5,282,898</u>
<b>Technical education fund:</b>	
Allegan County	2,606,814
Barry County	100,511
Kalamazoo County	365,663
Kent County	617
VanBuren County	<u>9,558</u>
Total	<u>3,083,163</u>
	<u><u>\$ 8,608,079</u></u>
<b>Combined:</b>	
Allegan County	\$ 7,278,131
Barry County	280,623
Kalamazoo County	1,020,918
Kent County	1,722
VanBuren County	<u>26,685</u>
Total	<u><u>\$ 8,608,079</u></u>



**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT**

**ADDITIONAL REPORTS REQUIRED BY**

**OMB CIRCULAR A-133**

**YEAR ENDED JUNE 30, 2004**

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Lamonte T. Lator  
Bruce J. Dunn  
Jeffrey C. Stevens  
Linda I. Schirmer  
Steven W. Scott  
David M. Raeck  
Robert E. Miller, Jr.  
Steven B. Robbins  
James E. Nyquist  
James R. Deslyne

Timothy H. Adams  
David B. Caldwell  
Edward L. Williams, III  
Timothy J. Orians  
Dennis D. Thies

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Walter P. Maner, Jr. (1921-2004)  
Floyd L. Costerisan  
Leon A. Ellis (1953-1988)

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education  
Allegan County Intermediate School District  
Allegan, Michigan

August 20, 2004

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allegan County Intermediate School District as of and for the year ended June 30, 2004, which collectively comprise Allegan County Intermediate School District's basic financial statements and have issued our report thereon dated August 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Allegan County Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Allegan County Intermediate School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of Education  
Allegan County Intermediate School District

August 20, 2004

This report is intended for the information of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mamay, Costenisan & Ellis, P.C.*

Certified Public Accountants



Lamonte T. Lator  
Bruce J. Dunn  
Jeffrey C. Stevens  
Linda I. Schirmer  
Steven W. Scott  
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Walter P. Maner, Jr. (1921-2004)  
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Leon A. Ellis (1953-1988)

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education  
Allegan County Intermediate School District  
Allegan, Michigan

August 20, 2004

Compliance

We have audited the compliance of Allegan County Intermediate School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Allegan County Intermediate School District's major federal programs are identified in the summary of auditors=results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of Allegan County Intermediate School District's management. Our responsibility is to express an opinion on Allegan County Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Allegan County Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Allegan County Intermediate School District's compliance with those requirements.

In our opinion, Allegan County Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Allegan County Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Allegan County Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Allegan County Intermediate School District as of and for the year ended June 30, 2004, and have issued our report thereon dated August 20, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mamer, Costeniser & Ellis, P.C.".

Certified Public Accountants

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2004**

Federal grantor/pass-through grantor/program title	CFDA number	Pass-through number	Award amount	Accrued (deferred) 7/1/2003	Prior year expenditures (memorandum only)	Current year receipts	Current year expenditures	Accrued (deferred) 6/30/2004
<u>U.S. Department of Labor:</u>								
Passed through Area Community Services Employment and Training Council:								
Employment Services	17.207	AC-136-02	\$ 326,612	\$ 56,015	\$ 293,269	\$ 56,138	\$ 123	-
		AC-136-03	652,443	-	-	638,348	628,164	(10,184)
			979,055	56,015	293,269	694,486	628,287	(10,184)
Workforce Investment Act Cluster:								
Workforce Investment Act Adult Program	17.258	AC-142-00	13,238	5,558	12,593	6,203	645	-
		AC-142-01	13,113	668	13,113	668	-	-
		AC-142-03	13,238	-	-	7,271	12,728	5,457
			39,589	6,226	25,706	14,142	13,373	5,457
Michigan Works Re-location	17.258	N/A	26,992	-	-	-	25,067	25,067
Total CFDA # 17.258			66,581	6,226	25,706	14,142	38,440	30,524
Workforce Investment Act Youth Activities	17.259	AC-053-02	422,880	266,020	391,262	266,020	-	-
		AC-053-03	422,880	-	-	295,541	405,075	109,534
			845,760	266,020	391,262	561,561	405,075	109,534
Michigan Works Re-location	17.259	N/A	35,427	-	-	-	32,900	32,900
Total CFDA # 17.259			881,187	266,020	391,262	561,561	437,975	142,434
Workforce Investment Act Dislocated Workers	17.260	AC-132-02	261,310	67,726	220,429	69,146	1,420	-
		AC-132-03	472,330	-	-	267,300	333,983	66,683
		AC-144-01	8,741	72	8,741	72	-	-
		AC-144-02	8,842	2,346	8,482	2,706	360	-
		AC-144-03	8,842	-	-	3,422	5,930	2,508
			760,065	70,144	237,652	342,646	341,693	69,191
Michigan Works Re-location	17.260	N/A	21,931	-	-	-	20,367	20,367
Total CFDA # 17.260			781,996	70,144	237,652	342,646	362,060	89,558
Total Workforce Investment Act Cluster			1,729,764	342,390	654,620	918,349	838,475	262,516

The accompanying notes are an integral part of this schedule.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2004**

Federal grantor/pass-through grantor/program title	CFDA number	Pass-through number	Award amount	Accrued (deferred) 7/1/2003	Prior year expenditures (memorandum only)	Current year receipts	Current year expenditures	Accrued (deferred) 6/30/2004
<u>U.S. Department of Labor (Continued):</u>								
Incumbent Worker Program	17.267	IW-03-02	\$ 67,205	\$ 65,051	\$ 65,051	\$ 56,404	\$ 2,154	\$ 10,801
Incumbent Worker Program		IW-03-03	51,429	-	-	12,272	49,076	36,804
			118,634	65,051	65,051	68,676	51,230	47,605
Total U.S. Department of Labor			2,827,453	463,456	1,012,940	1,681,511	1,517,992	299,937
<u>U.S. Department of Education:</u>								
Passed through State Department of Education: Title I	84.010	041700-0304	43,446	-	-	43,446	43,446	-
Passed through State Department of Education: Special Education Cluster:								
IDEA	84.027	30450-0203	23,310	-	-	23,310	23,310	-
		040450-0304	2,240,032	-	-	2,240,032	2,240,032	-
		040480-EOSD	40,000	-	-	40,000	40,000	-
		040490-CB	41,475	-	-	41,475	41,475	-
		040490-TS	70,000	-	-	70,000	70,000	-
			2,414,817	-	-	2,414,817	2,414,817	-
State TMT Grant	84.027	N/A	4,512	-	-	4,512	4,512	-
		N/A	4,587	4,587	4,587	4,587	-	-
			9,099	4,587	4,587	9,099	4,512	-
Total CFDA # 84.027			2,423,916	4,587	4,587	2,423,916	2,419,329	-
Special Education grants to states	84.173	040460-0304	98,702	-	-	98,702	98,702	-
Total Special Education Cluster			2,522,618	4,587	4,587	2,522,618	2,518,031	-
Vocational Education	84.048	9213	139,486	-	-	139,486	139,486	-
Infants/Toddlers	84.181	041340-190	196,763	-	-	196,763	196,763	-

The accompanying notes are an integral part of this schedule.



**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2004**

Federal grantor/pass-through grantor/program title	CFDA number	Pass-through number	Award amount	Accrued (deferred) 7/1/2003	Prior year expenditures (memorandum only)	Current year receipts	Current year expenditures	Accrued (deferred) 6/30/2004
Even Start Early Education	84.213	030390-D04104CES	\$ 225,000	\$ -	\$ -	\$ 225,000	\$ 225,000	\$ -
Vocational Education	84.243	2713-0102	29,667	13,725	29,183	13,725	-	-
		2713-0203	43,396	-	-	12,714	42,821	30,107
			73,063	13,725	29,183	26,439	42,821	30,107
Title VI	84.298	040250-0304	1,466	-	-	1,466	1,466	-
Title II Part B	84.367	JO-125	769	0	0	769	769	-
Passed through Michigan Jobs Commission: Rehabilitation Services	84.126	N/A	114,074	14,797	94,289	15,776	14,051	13,072
Total U.S. Department of Education			3,316,685	33,109	128,059	3,171,763	3,181,833	43,179
<u>U.S. Department of Health and Human Services:</u>								
Passed through Family Independence Agency 0-3 Secondary Prevention	93.556	CTFPR02-03001	29,968	213	24,049	6,317	6,104	-
		CTFPR04-03001	26,081	-	-	20,677	20,704	27
			56,049	213	24,049	26,994	26,808	27
Passed through the Area Community Services Employment and Training Council: Work First	93.558	WF-010-02	763,335	178,344	522,210	419,469	241,125	-
		WF-010-03	790,862	-	-	406,883	579,499	172,616
		WF-032-02	16,184	2,486	9,885	8,785	6,299	-
		WF-032-03	16,184	-	-	9,092	9,548	456
			1,586,565	180,830	532,095	844,229	836,471	173,072
Passed through Family Independence Agency Temp. Assist for needy families	93.558	CHPR-02-03001-3	37,600	-	-	26,008	37,600	11,592
		CHPR-03-03001-1	37,600	22,743	37,600	22,743	-	-
			75,200	22,743	37,600	48,751	37,600	11,592

The accompanying notes are an integral part of this schedule.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2004**

Federal grantor/pass-through grantor/program title	CFDA number	Pass-through number	Award amount	Accrued (deferred) 7/1/2003	Prior year expenditures (memorandum only)	Current year receipts	Current year expenditures	Accrued (deferred) 6/30/2004
0-3 Secondary Prevention	93.558	CFTPR03-03001 CFTPR04-03001	\$ 155,018 126,263	\$ 1,096 -	\$ 123,492 -	\$ 32,437 100,100	\$ 31,341 100,231	\$ - 131
			281,281	1,096	123,492	132,537	131,572	131
FIA-CAN	93.558	00-03009-3	35,000	2,600	35,000	2,600	-	-
		00-03009-4	35,000	17,559	35,000	17,559	-	-
		04-03009	35,000	-	-	15,145	35,000	19,855
			105,000	20,159	70,000	35,304	35,000	19,855
Total CFDA # 93.558			2,048,046	224,828	763,187	1,060,821	1,040,643	204,650
Passed through the Tuscola Intermediate School District: Medicaid Health Services	93.778	N/A	12,273	-	-	12,273	12,273	-
Total U.S. Department of Health and Human Services			2,116,368	225,041	787,236	1,100,088	1,079,724	204,677
<u>U.S. Department of Transportation</u>								
Passed through Michigan Department of Education								
Motorcycle safety	20.600	036670/201 036670-301	\$ 93,711 125,900	\$ - 25,927	\$ - 71,375	\$ 38,618 80,452	\$ 56,611 54,525	\$ 17,993 -
			219,611	25,927	71,375	119,070	111,136	17,993
<u>U.S. Department of Domestic Preparedness</u>								
Passed through Department of State Police								
Homeland Security	97.004	N/A	81,400	-	-	-	56,057	56,057
TOTAL FEDERAL AWARDS			\$ 8,561,517	\$ 747,533	\$ 1,999,610	\$ 6,072,432	\$ 5,946,742	\$ 621,843

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
PASS THROUGH AMOUNTS  
YEAR ENDED JUNE 30, 2004**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA number</u>	<u>Subrecipient award/contract amount</u>	<u>Due to (from) subrecipient July 1, 2003</u>	<u>(Memo only) Subrecipient prior year expenditures</u>	<u>Subrecipient current year expenditures</u>	<u>Current year cash transferred to subrecipient</u>	<u>Due to (from) subrecipient June 30, 2004</u>
Transition services:	84.027						
030490-ITS							
Passed through to:							
Allegan Public Schools		\$	\$	\$	637	\$ 637	\$
Hopkins Public Schools					850	850	
Otsego Public Schools					1,174	1,174	
Plainwell Public Schools					1,030	1,030	
Wayland Public Schools					1,035	1,035	
Total transition services passed through to subrecipients		<u>\$</u>	<u>\$</u>	<u>\$ -</u>	<u>\$ 4,726</u>	<u>\$ 4,726</u>	<u>\$</u>
Capacity Building	84.027						
040490-CB							
Passed through to:							
Allegan Public Schools		\$	\$	\$	273	\$ 273	\$
Total capacity building passed through to subrecipients		<u>\$</u>	<u>\$</u>	<u>\$ -</u>	<u>\$ 273</u>	<u>\$ 273</u>	<u>\$</u>
Vocational education:	84.048						
3813							
Passed through to:							
Otsego Public Schools				\$ -	\$ 1,465	\$ 1,465	
Total vocational education passed through to subrecipients		<u>\$</u>	<u>\$</u>	<u>\$ -</u>	<u>\$ 1,465</u>	<u>\$ 1,465</u>	<u>\$ -</u>
PL-94-142 Preschool Incentive:	84.173						
030460/01							
Passed through to:							
Allegan Public Schools		\$	\$	\$	14,145	\$ 14,145	\$
Fennville Public Schools					10,476	10,476	
Hopkins Public Schools					8,350	8,350	
Martin Public Schools					6,832	6,832	
Otsego Public Schools					10,061	10,061	
Plainwell Public Schools					16,853	16,853	
Wayland Public Schools					31,985	31,985	
Total PL-94-142 Preschool Incentive passed through to subrecipients		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 98,702</u>	<u>\$ 98,702</u>	<u>\$</u>

The accompanying notes are an integral part of this schedule.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

NOTES:

1. Basis of Presentation – The accompanying schedule of expenditures of federal awards includes the federal grant activities of Allegan County Intermediate School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and reconciles with the amounts in the preparation of the financial statements.
2. CFDA Programs Special Education Cluster 84.027 and 84.173, TANF 93.558, and Employment Services 17.207, were audited as major programs representing 72% of expenditures.
3. The threshold for distinguishing Type A and Type B programs was \$300,000.
4. The expenditures on the schedule of expenditures of federal awards do not include local match.
5. Expenditures in this schedule have been reconciled with Michigan Department of Education financial reports (DS4044, DS4092A, and other applicable reports).
6. Management has utilized the Michigan Department of Education R7120 Grant Section Auditors Report, in preparing this report.
7. Federal revenue per financial statements \$ 6,548,135  
  
Less:  
Federal Medicaid receipts not subject to the Single Audit 601,393  
  
Expenditures per Schedule of Expenditures of Federal Awards \$ 5,946,742
8. Subrecipients - Of the federal expenditures presented in the schedule of expenditures of federal awards, Allegan County Intermediate School District provided federal awards to subrecipients reported in the enclosed schedule of pass through amounts.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004**

**Section I – Summary of Auditors’ Results**

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***Financial Statements***

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified: \_\_\_\_\_ Yes   X   No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified: \_\_\_\_\_ Yes   X   No
- Reportable condition(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be Reported with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes   X   No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027 and 84.173	Special Education Cluster
93.558	TANF
17.207	Employment Services

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No

**Section II - Financial Statement Findings**

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No matters were reported for the year ended June 30, 2004.

**Section III - Federal Award Findings and Questioned Costs**

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No findings or questioned costs were noted for the year ended June 30, 2004 audit.

**ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004**

There were no findings for the year ended June 30, 2003.



Lamonte T. Lator  
Bruce J. Dunn  
Jeffrey C. Stevens  
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David M. Racek  
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Walter P. Maner, Jr. (1921-2004)  
Floyd L. Costerisan  
Leon A. Ellis (1953-1988)

August 20, 2004

To the Board of Education  
Allegan County Intermediate School District  
Allegan, Michigan

In planning and performing our audit of the financial statements of Allegan County Intermediate School District for the year ended June 30, 2004 we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated August 20, 2004, on the financial statements of Allegan County Intermediate School District.

**Prior Year Comments Resolved:**

Cancelled Check Review

The Director of Finance now receives the unopened bank statement and cancelled checks and reviews them for unusual items.

Numerical sequence of checks written – Payroll

The supervisor of financial services now reconciles the payroll check register to the payroll proof for each check run. The supervisor also tracks the numerical sequence of checks written throughout and between check runs.

Fidelity insurance

The District reviewed its insurance needs and has increased its fidelity insurance coverage to \$750,000, which is considered appropriate.

Security of Data Processing Applications

The District has assessed its security of data processing applications and determined that segregation exists as fully as possible within the accounting department.

Numerical sequence of checks written – Accounts Payable

The District is now comparing actual void checks on a periodic basis to a void check report generated by the system.

**Current Year Comments:**

Accounts Receivable Aging

During the course of our audit, we noted that the accounting department does not prepare periodic aging analyses of individual accounts receivable balances. We recommend that the accounts receivable account balances be reconciled monthly to an aged receivables listing. Periodic preparation and review of such an analysis would allow for prompt action on delinquent accounts.

Employee Vacation Time

Currently there is no policy stating the required amount of vacation time to be taken by employees. We suggest that employees in the business office, particularly in the area of payroll and payables, schedule vacation time at a time when their duties will be performed by another employee in their absence. This will improve backup procedures and strengthen internal controls.



### Journal Entries

During the course of our fieldwork, we noted that the client is able to record journal entries in previous months and that this procedure is done on a regular basis. We recommend that journal entries be recorded in the month posted. Recording journal entries as of the date that they are actually posted allows for easier reconciliation of accounts for both monthly reconciliation procedures and reconciling general ledger detail to grant request forms.

### Grant Expenditure Reconciliation

We noted that certain grant expenditures are not reconciled from the general ledger to the close-out reports that are submitted to the granting authorities. Reconciliation of all grant expenditures should be done annually, at a minimum, in order to ensure proper reporting to federal, state and local authorities.

### OMB Circular A-87 – Teacher Certifications

OMB Circular A-87 requires that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries must be supported by periodic certifications stating that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared at least semi-annually and be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

We recommend certifications be signed in January and June. Other semi-annual periods are also permissible. The certifications should state the employee spend 100% of their time on the applicable federal program.

### Time Reporting

Throughout the course of the year, the District was charging certain federal grants based on estimates made at the beginning of the school year. Grants should be charged based on actual time spent working on the specific programs and not on the original estimated time. We noted that individual time sheets are prepared bi-weekly, in line with payroll, but the payroll allocations are not based on those time sheets and the original estimations are not updated with the new time distribution. We recommend that expenses be charged based on actual time and not estimated time in order to comply with Federal grant requirements during the year. At year end, actual time is used to record the proper salaries to the appropriate grants.

### Government Accounting Standards Board (GASB) Statement #40 “*Deposit and Investment Risk Disclosures*”

Effective June 30, 2005, governmental entities will be required to expand their current disclosure requirements addressing common risks of the deposits and investments. The disclosure requirements apply to debt and an equity investment held directly by the entity or indirectly by investment advisors and requires that a governmental entity disclose investment policies that are related to custodial credit risk, custodial risk, concentration of credit risk, interest rate risk, and foreign currency risk. If the entity has adopted no policy with respect to a particular risk, that fact should be part of the disclosure.

The District should review its investment policies to determine all common risks areas are identified and the appropriate level of risk of each area is quantified.

Financial Information Database (FID) Filing

The Center for Educational Performance and Information (CEPI) is preparing for the implementation of a new upload application/database for financial reporting for school districts in Michigan. This new application/database is called the Financial Information Database (FID). This submission is due November 15, 2004. The EDN/Form B submission process has been eliminated and is no longer available. We strongly recommend your filing be done earlier this year to ensure all changes have been accepted. The penalty for late filing is withholding of your state aid by the State of Michigan.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of Allegan County Intermediate School District management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

A handwritten signature in black ink that reads "Mamey Costenison, E. Ellis, P.C." The signature is written in a cursive, flowing style.



Lamonte T. Lator  
Bruce J. Dunn  
Jeffrey C. Stevens  
Linda I. Schirmer  
Steven W. Scott  
David M. Racek  
Robert E. Miller, Jr.  
Steven B. Robbins  
James E. Nyquist  
James R. Deslyne

Timothy H. Adams  
David B. Caldwell  
Edward L. Williams, III  
Timothy J. Orians  
Dennis D. Thies

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Walter P. Maner, Jr. (1921-2004)  
Floyd L. Costerisan  
Leon A. Ellis (1953-1988)

August 20, 2004

To the Board of Education  
Allegan County Intermediate School District  
Allegan, Michigan

We have audited the financial statements of Allegan County Intermediate School District for the year ended June 30, 2004, and have issued our report thereon dated August 20, 2004. Professional standards require that we provide you with the following information related to our audit.

1. Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated June 17, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. Generally Accepted Accounting Standards. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the Allegan County Intermediate School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the Allegan County Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the Allegan County Intermediate School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the Allegan County Intermediate School District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Allegan County Intermediate School District's compliance with those requirements.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Allegan County Intermediate School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2004. We noted no transactions entered into by Allegan County Intermediate School District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. No estimates are considered sensitive.

4. Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Allegan County Intermediate School District's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Allegan County Intermediate School District, either individually or in the aggregate, indicate matters that could have a significant effect on the Allegan County Intermediate School District's financial reporting process.

5. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

6. Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Allegan County Intermediate School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the board of education, management, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Mamay, Costeniser & Ellis, P.C.*